



**Milwaukee County Employees' Retirement System (ERS)
November 9, 2022 Appeals and Rules Committee Meeting
MINUTES**

Call to Order

Committee Chair David Robles called the Appeals and Rules Committee meeting to order at 10:02 a.m. on Wednesday, November 9, 2022. The meeting was held virtually due to Milwaukee County ordering remote work in light of the COVID-19 pandemic.

Committee Members Present:

Jeff Gollner
David Robles
Ron Nelson
Keesha Hobson

Others Present:

Erika Bronikowski, Retirement Plan Services
Attorney Jessica Culotti, Reinhart Boerner Van Deuren s.c.
Attorney Judd Taback, Office of Corporation Counsel
Natasha Ford, Retirement Plan Services
Turkessa McCoy, Retirement Plan Services
Julie Gruver, ERS Retiree

Other Pension Board Members Present:

1. Topic: Chairperson's Report

The Chair welcomed everyone and mentioned that some items on the agenda are Committee discussions only. He also mentioned that the intent of some agenda items is to bring the Committee up to speed on other Board projects, including reviewing the assumed rate of return.

2. Topic: Meeting Minutes – September 28, 2022

A motion by Trustee Gollner, seconded by Trustee Robles, was made to approve the September 28, 2022, Appeals and Rules Committee Meeting minutes. The motion passed unanimously.

3. Topic: Appeal Hearings (Open Session Discussion)

a. J. Gruver

The Chair stated that there are two appeals on the Committee's agenda. The first is Ms. Gruver. Ms. Bronikowski confirmed that Ms. Gruver had call into the meeting. The Chair questioned whether the second appellant Mr. Peterson had called in. Ms. Bronikowski stated that Mr. Peterson previously contacted RPS and was sent the meeting information, but he had not yet joined the meeting.

The Chair welcomed Ms. Gruver to the meeting. He noted that the Committee previously heard her appeal and held it over to obtain more information. The Chair asked Ms. Gruver if she would like to supplement the information she previously provided to the Committee.

Ms. Gruver explained that she is appealing the start date of her pension benefit. Her benefit commenced April 1, 2022, and she is requesting a retroactive start date of February 1, 2021. Ms. Gruver stated that she initially contacted RPS to update her address and receive her benefit application on January 8, 2021. After that, Ms. Gruver called and emailed RPS numerous times, but it took over a year for Ms. Gruver to receive her benefit application. Ms. Gruver further stated that as she was reviewing her paperwork, she noted that her initial benefit estimate was \$744.45, but her actual pension benefit was much lower. Ms. Gruver admitted that RPS explained that her benefit estimate was calculated using an incorrect multiplier, but, as she commented at the prior meeting, this seems to be a large difference in her monthly benefit if the only change was a .5% reduction to the multiplier. The Chair thanked Ms. Gruver for her comments and asked if there were questions from the Committee.

In response to a question from Mr. Gollner, Ms. Gruver explained that she does not understand the benefit calculation. RPS stated that the multiplier was in her union contract, which she understands, but her and her friend have questions about the calculation. She noted it seems wrong that such a large difference is attributable to such a small multiplier change.

The Chair called for additional questions and seeing none, explained to Ms. Gruver that the Committee will go into closed session to discuss the appeals with counsel. He noted that RPS will not be present for the discussion of the appeals but may be asked questions. Once the Committee has completed its discussion, the Committee will come back into open session and vote on its recommendations.

b. N. Peterson.

The Chair asked Ms. Bronikowski if Mr. Peterson had joined the meeting. She stated he had not. The Chair asked if any Committee members had questions for RPS about Mr. Peterson's appeal and seeing none, the Chair stated the Committee could adjourn into closed session.

The Committee voted unanimously to enter closed session to discuss agenda items 3 through 4 pursuant to Section 19.85(1)(g), Wis. Stats., for the purpose of the Committee receiving oral or written advice from legal counsel concerning strategy to be adopted with respect to pending or possible litigation. Motion by the Chair, seconded by Trustee Nelson. No action was taken by the Committee in closed session. Upon returning to open session, the Committee took the following actions:

3. Topic: Appeal Hearings (discussion after returning from closed session)

a. J. Gruver Appeal

The Chair stated the Committee engaged in a discussion regarding Ms. Gruver's appeal in closed session. The Chair explained that the Committee discussed recommending that the Board engage counsel to settle the benefit commencement portion of Ms. Gruver's appeal in accordance with the Committee's closed session discussion. The Chair noted that it is within the Pension Board's discretion to engage in such discussions but the Board will hear from legal counsel as this does involve legal issues.

The Committee unanimously voted to recommend that the Pension Board engage legal counsel to explore settlement of the benefit commencement issue presented by Ms. Gruver's appeal. Motion by the Chair, seconded by Mr. Gollner.

The Chair subsequently noted that the second portion of Ms. Gruver's appeal is with regard to the calculation of her pension benefit. Mr. Nelson commented that it appears there is confusion with regard to the details of the calculation. He stated it would be helpful for RPS to provide additional details to Ms. Gruver with regard to the calculation.

The Chair then explained that the multiplier that applies to Ms. Gruver's benefit is governed by the union's contract and based on the information that was presented to the Committee, it is clear that the correct multiplier is 1.5%. This was the multiplier used to calculate Ms. Gruver's benefit, but a higher multiplier was used to calculate her benefit estimate, which explains the difference between those two figures.

The Committee unanimously voted to recommend that the Pension Board deny Ms. Gruver's appeal as it relates to her benefit calculation. Motion by the Chair, seconded by Mr. Gollner. A written recommendation will follow and be provided to Ms. Gruver and the Pension Board.

b. N. Peterson

The Chair stated that the Committee reviewed Mr. Peterson's appeal. He explained that Mr. Peterson requested a refund of his employee contributions after the 180-day deadline in the Ordinance. Given the facts before the Committee, it does appear Mr. Peterson received notice from RPS of his right to request a refund within the 180-day period.

Mr. Nelson commented that refunds continue to be an issue even with the modifications made by the Pension Board. The Chair stated that the deadline is in Ordinance, so the Pension Board will review the overall issue of refunds separately and may give feedback to the County Board.

The Committee voted to recommend the Pension Board deny Mr. Peterson's appeal. Motion by Mr. Gollner, seconded by the Chair. A written recommendation will follow and be provided to Mr. Peterson and the Pension Board.

4. Topic: Proposed Amendments regarding Pension Board Rule 1017

Taken after item 5.

The Committee discussed this item in closed session. Upon returning to open session, Ms. Bronikowski clarified that RPS would like to allow alternate payees to receive their portions of the benefits via EFT if such a form of payment is required in the Domestic Relations Orders.

The Committee unanimously voted to recommend the Pension Board modify Rule 1017. Motion by the Chair, seconded by Mr. Gollner.

5. Topic: Pension Board Rule 1014 Review

The Chair indicated the experience study was complete and presented to the Actuarial, Audit, and Risk Committee by the actuary. To better reflect the Plan's actual experience, that Committee is contemplating revising the actuarial assumptions consistent with the recommendations from the actuary. He further explained the Plan's current assumed rate of return is 7.5%, which is outlined in Pension Board Rule 1014. The actuary has recommended that the Board reduce this assumption, which has generated a lot of discussions at the Committee level and with related stakeholders. While a reduction to the assumed rate of return is in line with the likely future returns, a reduction may also directly affect the amount of future contributions. The Chair further stated the Audit Committee is expecting more information from the actuary regarding the effects of a "step down" strategy after hearing input from the actuary, RPS, and Milwaukee County stakeholders.

The Chair went on to explain that for better long-term possibilities of reaching that return, the actuary suggested a reduction to 7.0%. It could be done all at once or tapered down gradually over several years. This Committee may participate in the implementation of adjustments to the assumed rate of return through amendments to Pension Board Rule 1014, which was distributed for the Committee's review.

Ms. Bronikowski explained the Actuarial, Audit, and Risk Committee is still debating adjustments at this time and has requested information on a potential 0.1% step down approach. There is no set date for the change, although for administrative reasons, RPS has requested a January 1 effective date.

6. Topic: Report from Disability Retirement Workgroup

In preparation for the fiscal note, Ms. Bronikowski stated she compiled a summary of the work done by the Disability Retirement Workgroup. She explained that before the deliverable is deemed complete, additional information is needed, such as a fiscal note for the Rule changes. However, this information will be provided at the following meeting.

7. Topic: Adjournment

The meeting adjourned at 11:50am.